

**STATE OF HAWAII — DEPARTMENT OF TAXATION**  
**CREDIT FOR ENERGY CONSERVATION**

Or fiscal year beginning \_\_\_\_\_, 20\_\_\_\_, and ending \_\_\_\_\_, 20\_\_\_\_

**TAX**  
**YEAR**  
**20**\_\_ \_\_

**ATTACH THIS SCHEDULE TO FORM F-1, N-11, N-12, N-13, N-15, N-20, N-30, N-35, N-40, OR N-70NP**

SSN or FEIN

Name

Hawaii G.E./Use ID. Number

The tax credit may be claimed for energy conservation systems installed and placed in service **before July 1, 2003.**

**NOTE:** If you are only claiming your distributive share of a tax credit, begin on line 31. If you are only claiming a tax credit carried over from a previous year, begin on line 32.

**COMPUTATION OF TAX CREDIT**

**WIND ENERGY SYSTEM**

Enter date system was installed and placed in service ➤ \_\_\_\_/\_\_\_\_/\_\_\_\_

1. Cost of qualified wind energy system installed and placed in service .....	1		
2. Multiply line 1 by 20% and enter result.....		2	
3. Amount of any federal energy tax credit for wind energy systems claimed on line 1. (see instructions) .....		3	
4. Subtract line 3 from line 2 and enter result (but not less than zero).....		4	

**SOLAR ENERGY SYSTEM**

Enter date system was installed and placed in service ➤ \_\_\_\_/\_\_\_\_/\_\_\_\_

5. Cost of qualified solar energy system installed and placed in service on new and existing single family residential buildings.....	5		
6. Enter 35% of line 5 or \$1,750, whichever is less.....		6	
7. Per unit cost of qualified solar energy system installed and placed in service on new and existing multi-unit residential buildings .....	7		
8. Enter 35% of line 7 or \$350, whichever is less .....	8		
9. Number of building units you own to which the allocated unit cost on line 7 is applicable .....	9		
10. Multiply line 8 by line 9 and enter result .....		10	
11. Cost of qualified solar energy system installed and placed in service on new and existing hotel, commercial and industrial facilities.....	11		
12. Multiply line 11 by 35% and enter result.....		12	
13. Add lines 6, 10, and 12, and enter result.....		13	
14. Amount of any federal energy tax credit for solar energy systems claimed on lines 5, 7, and 11. (see instructions) .....		14	
15. Subtract line 14 from line 13 and enter result (but not less than zero) .....		15	

**HEAT PUMPS**

Enter date system was installed and placed in service ➤ \_\_\_\_/\_\_\_\_/\_\_\_\_

16. Cost of qualified heat pumps installed and placed in service in new and existing single family residential buildings.....	16		
17. Enter 20% of line 16 or \$400, whichever is less.....		17	
18. Per unit cost of qualified heat pumps installed and placed in service in new and existing multi-unit residential buildings .....	18		
19. Enter 20% of line 18 or \$200, whichever is less .....	19		
20. Number of building units you own to which the allocated unit cost on line 18 is applicable .....	20		
21. Multiply line 19 by line 20 and enter result .....		21	
22. Cost of qualified heat pumps installed and placed in service in new and existing hotel, commercial and industrial facilities.....	22		
23. Multiply line 22 by 20% and enter result.....		23	
24. Add lines 17, 21, and 23, and enter result.....		24	
25. Amount of federal energy tax credit for heat pumps claimed on lines 16, 18, and 22. (see instructions) .....		25	
26. Subtract line 25 from line 24 and enter result (but not less than zero) .....		26	

**ICE STORAGE SYSTEMS**

Enter date system was installed and placed in service ➤ \_\_\_\_/\_\_\_\_/\_\_\_\_

27. Cost of qualified ice storage systems installed and placed in service .....	27		
28. Multiply line 27 by 50% and enter result.....		28	
29. Amount of any federal energy tax credit for ice storage systems claimed on line 27. (see instructions) .....		29	
30. Subtract line 29 from line 28 and enter result (but not less than zero) .....		30	

**TOTAL CREDIT FOR ENERGY CONSERVATION**

31. Flow through of tax credit received from other entities, if any. Check box below. Name and Federal Employer I.D. No. of entity _____ <input type="checkbox"/> a S corporation shareholder — enter amount from Schedule K-1 (Form N-35), line 12c <input type="checkbox"/> b Partner — enter amount from Schedule K-1 (Form N-20), line 12 <input type="checkbox"/> c Beneficiary — enter amount from Schedule K-1 (Form N-40), line 10 <input type="checkbox"/> d Patron — enter amount from federal Form 1099-PATR.....		31	
32. Carryover of tax credit from prior years .....		32	
33. <b>Total tax credit claimed.</b> Add lines 4, 15, 26, 30, 31, and 32, and enter the total here and on Schedule CR, line 2 (for Form N-11, N-12, N-15, N-30, and N-70NP filers); Form N-13, line 17; (rounded to the nearest dollar for individual taxpayers); Form N-40, Schedule E, line 2; or Form F-1, Schedule H, line 1; whichever is applicable. (see instructions).....		33	

**GENERAL INSTRUCTIONS****REQUIREMENTS FOR CLAIMING TAX CREDIT**

Each individual or corporate resident taxpayer may claim a tax credit against the Hawaii net income tax or franchise tax liability for a solar or wind energy system, heat pump, or ice storage system installed and placed in service during the taxable year. Additions to existing systems (e.g., additional solar energy panels) and systems for a second home qualify for this credit. The cost of repairs to existing systems (e.g., replacing solar energy panels), however, do not qualify for this credit. The credit is applicable only to the actual cost of the system, including its accessories and installation, and does not include the cost of consumer incentive premiums unrelated to the operation of the system or offered with the sale of the system (such as "free gifts," offers to pay electricity bills, or rebates, including rebates from utility companies).

A licensed professional engineer must review the design of the heat pump installed in multi-unit buildings and provide a written opinion that the system, in accordance with recognized engineering practice, is designed to provide not less than 90% of the daily annual average hot water needs of all the occupants of the building.

The tax credit may be claimed for the following energy conservation systems installed and placed in service after December 31, 1989 (December 31, 1990, for ice storage systems) but **before July 1, 2003**:

Type of Energy Conservation System	Tax Credit Rate
1. <b>Wind energy systems</b>	20% of the actual cost of the system.
2. <b>Solar energy systems</b>	
a. New and existing single family residential buildings.	The lesser of 35% of the actual cost of the system or \$1,750.
b. New and existing multi-unit buildings used primarily for residential purposes.	Per building unit: The lesser of 35% of each unit's actual cost of the system or \$350.
c. New and existing hotel, commercial and industrial facilities.	35% of the actual cost of the system.
3. <b>Heat pumps</b>	
a. New and existing single family residential buildings.	The lesser of 20% of the actual cost of the heat pump or \$400.
b. New and existing multi-unit buildings used primarily for residential purposes.	Per building unit: The lesser of 20% of each unit's actual cost of the heat pump or \$200.
c. New and existing hotel, commercial and industrial facilities.	20% of the actual cost of the heat pump.
4. <b>Ice Storage Systems</b>	50% of the actual cost of the system.

If federal energy tax credits for systems similar to any of those above are established after June 30, 1998, but before July 1, 2003, the amount of the State credit for energy conservation must be reduced by the amount of the applicable federal energy tax credit.

In the event that tax credits claimed exceed the amount of the income tax or franchise tax payments due, the excess of credits may be carried over to subsequent years until exhausted.

**FOR PURPOSES OF THE TAX CREDIT**

"Solar or wind energy system" means any new identifiable facility, equipment, apparatus, or the like that converts solar insolation or wind energy to useful thermal or electrical energy for heating, cooling, or reducing the use of other types of energy dependent upon fossil fuel for their generation.

"Heat pump" means an electric powered compression heating system that extracts energy from warm ambient air or recovers waste heat to assist in the production of hot water.

"Ice storage system" refers to ice banks or other cool energy storage tanks, containers, accessories, and controls that are specifically designed to store ice or chilled fluids for the express purpose of shifting the consumption of energy to off-peak periods.

"Single family residential building" means a structure maintained and used as a home, residence, or sleeping place by one or more persons maintaining a common household. A dwelling unit that shares one or more walls with another dwelling unit shall be deemed a single family residential building if it has direct access to a street or thoroughfare and does not share hot water equipment or any other essential facility or service with any other dwelling unit.

"Multi-unit residential building" means a structure containing more than one dwelling unit, each of which is intended to be maintained and used as a home, residence, or sleeping place by persons maintaining separate households.

The director may require the taxpayer to furnish reasonable information to ascertain the validity of the claim for credit made and may adopt rules necessary to effectuate the purposes of claiming this credit pursuant to chapter 91, Hawaii Revised Statutes.

The tax credit shall be claimed against the net income tax liability for the year in which the solar or wind energy system, heat pump, or ice storage system was purchased and placed in use in Hawaii. Tax credits which exceed the taxpayer's income tax liability may be used as credit against the taxpayer's income tax liability in subsequent years until exhausted.

**INTERNET ADDRESS**

State tax forms and information are available on the Internet at:  
[www.state.hi.us/tax](http://www.state.hi.us/tax)

**SPECIFIC INSTRUCTIONS**

**Lines 1 through 32** — Fill in the lines as they apply to your claim.

**Lines 7 and 18** — The per unit cost of a solar energy system or heat pump installed and placed in service in a multi-unit residential building is determined as follows:

$$\frac{\text{Total square feet of your unit}}{\text{Total square feet of all units in the multi-unit building}} \times \frac{\text{The actual cost of the system or heat pump}}{\text{The actual cost of the system or heat pump}}$$

**Lines 3, 14, 25, and 29** — If federal energy tax credits are enacted for systems for which a state credit is available, the state credit shall be reduced by the amount of the federal credit. The federal credit will reduce the amount of the specific credit to which it is similar rather than the total credit.

*For example, if Congress should enact a 40% solar credit, a taxpayer with a \$5,000 expense would normally be eligible for a \$1,750 state credit, but this would be fully offset by the \$2,000 federal credit and no state credit may be claimed for the solar system. If this same taxpayer also had a \$3,000 wind energy system installed and would be eligible for a \$600 state credit for the wind energy system for which there was no comparable federal credit, the taxpayer would be allowed to claim the full \$600 credit on the taxpayer's state return and would not need to offset the \$600 wind credit with the remaining \$250 of the federal solar credit (the amount by which the federal credit exceeded the state solar credit).*

**Line 31.** Flow through of tax credit received from other entities, if any. In the case of a taxpayer who is a member of a pass-through entity (i.e., S corporation, partnership, estate, or trust), enter the amount of the tax credit received from the entity on line 31. Attach a copy of the applicable Schedule K-1 to Form N-157 when the tax credit is claimed.

**Line 33.** Form N-11, N-12, N-15, N-30, and N-70NP filers, enter the amount on line 33 on Schedule CR, line 2. Form N-13 filers, enter the amount from line 33 on Form N-13, line 17. For individual taxpayers, round the amount on line 33 to the nearest dollar.

Form N-40 filers, enter the amount on line 33 that is allocated to the estate or trust on Form N-40, Schedule E, line 2. Enter the amount on line 33 that is allocated to the beneficiary on line 10 of Schedule K-1, Form N-40, for each beneficiary.

Form N-35 filers, enter the amount on line 33 on Schedule K, line 12c.

Form N-20 filers, enter the amount on line 33 on Schedule K, line 12.

Form F-1 filers, enter the amount from line 33 on Form F-1, Schedule H, line 1.

**Note:** The total tax credit claimed on line 33 cannot be more than your tax liability before any credits. The amount of credit which exceeds your tax liability may be carried over to subsequent years until exhausted.